

### You should read this fact sheet if you:

- ❑ Want to understand why some people might be sceptical about the value of sharing services
- ❑ Have tried unsuccessfully to investigate shared services in the past
- ❑ Want to develop the winning arguments you'll need to get your shared services project taken seriously.

### Curious?

Organisational change is never easy, but it can be considerably more difficult if you are battling either your own scepticism or the ill-considered vision of others. While a healthy amount of scepticism can be reinterpreted as the virtue that will ensure your decisions are based on firm evidence, misplaced/early scepticism will simply deny you the opportunity to be creative. So if you'd like your creative juices to flow, then read on.

### Making the most of this resource

This isn't just a fact sheet, it's the start of a journey on which you will consider some simple yet transformational ideas and create a vision of how they could be achieved. Throughout the text, you will be given the opportunity to complete a few short tasks to collect your emerging thoughts and ideas and translate them into your context. You can make notes on the SS Ideas back page.

### Scenarios and issues

- There is insufficient trust between the partners with whom you would like to collaborate.
- You or your partners fear the loss of competitive advantage.
- Senior managers and/or staff are concerned about the development time needed and any negative impact on their jobs.
- Governors remain unconvinced about the benefits sharing will bring.

- Your senior managers often work outside of their areas of expertise
- The cost of developing new ideas, programmes and/or resources is too much to bear alone?
- The professionalism of your services, and staff's aspirations for quality
- Staff's easy access to better data
- The quality of your curriculum content
- Access to low-use, high-value curriculum resources
- The critical mass of learners needed for exciting shared experiences

### Solutions

#### The catalyst for shared services

It is arguably difficult to progress with any meaningful detail until you have explored and established the need for a shared services project. Below are some examples of typical catalysts:

- The challenges presented by reduced Government funding
- Expensive and/or inefficient back-office services
- You feel that the paradigm has moved on, but your service areas have failed to embrace innovation and new opportunities

As can be seen, the issues and opportunities are many, though this list is simply an appetiser. Your journey does have to begin by establishing the impact you'd like to have, so take a moment to complete Task 1 before moving on.

You may also be interested in 'Inspiration No. 3: Focusing on impact', which looks at this issue in detail.

**Task 1: Add your Shared Service catalyst/s to your SS Ideas page, then define the impact you'd like your project to have.**

## Cost/benefit analysis

Completing a cost/benefit analysis for this type of project is notoriously difficult, but without it, to convince decision makers, including yourself, to invest in the journey will be hard.

Below is a list of headings you may wish to consider to build a simple three to five-year cost/benefit spread sheet.

## Cost headings

- Staff time (including external training and consultancy services)
  - Project management (Can you integrate this into an existing role or second a project manager to work on behalf of the partners? Another option might be to consider the cost of using a consultant.)
  - Analysis and feasibility (the essential ground-works, which would include the production of a more detailed cost/benefit analysis)
  - Process mapping (the act of defining the precise steps in each partners' service)
  - Development and process re-engineering (the development of the agreed new service; often a 'third way' rather than simply adopting a single partner's processes)
  - Training (the staff development needed to carry out any of the above)
- IT hardware & software
- Marketing and dissemination
- Expenses and overheads
- Legal fees

You may also find it useful to look at the table on page 40 of the 'Shared Services Evaluation Report: the many faces of collaboration', which can be found on the AoC website: [www.aoc.co.uk/shared-services/materials/reports](http://www.aoc.co.uk/shared-services/materials/reports). This shows the minimum, maximum and average set-up costs for the projects that took part in the Efficiency and Innovation Fund Shared Services research work.

## Benefits

Whilst future costs can be difficult to determine, quantifying future benefits can be even harder. Consider the headings below:

## Reductions

- The reduction in salary bills and on-costs: managers and staff (an alternative to reductions in salary costs is an increase in output or income generation.)
- Shared curriculum development costs
- Cost reduction and/or sharing (such as: outsourcing fees, advertising costs, legal fees, training and development etc.)
- Reduced overheads
- Procurement savings (such as: software licences, awarding organisation fees, IT support, cleaning and catering services, energy supplies etc.)
- Asset rationalisation
- Savings from joint marketing (particularly bespoke recruitment, such as for work-related programmes)

## Increases

- Increased income from full-cost provision
- Increased income from selling new shared service contracts to others
- Increased success rates and learner income, due to improved quality of provision

**Task 2: Add the most appropriate cost and benefit headings, including any additional to these lists, to your SS Ideas page.**

**Go on to build a spread-sheet and a three to five-year picture.**

## Confidence factor

In your spread-sheet, try including a 'confidence factor' row beneath your 'costs' and 'benefits' subtotals. If you are 100% confident that the costs you have specified are accurate, or the savings you will achieve are robust, then leave the figure at 100%. Decrease the confidence percentage accordingly to arrive at a more conservative estimate of your ultimate savings. Alternatively, you may wish to build confidence percentages into each of your rows.

Costs		
Staff times	Year 1	Year 2
Project management	£10,000	£10,000
Analysis and feasibility	£8,000	£1,000
Process mapping	£5,000	£1,000
Development	£5,000	£10,000
<b>Subtotal</b>	<b>£28,000</b>	<b>£22,000</b>
Confidence factor	100%	80%
<b>Total costs</b>	<b>£28,000</b>	<b>£17,600</b>

When you've completed your cost/benefit analysis, consider this quote from Sara Mogel, Principal of West Cheshire College (a lead College for an Efficiency and Innovation Fund Shared Services project):

**“It didn't take a lot of money. If we could look back on it, we might have been able to do it earlier (without the EIF grant) and taken the risk.”**

A final element of this stage is to look ahead to the end of your feasibility stage and determine the information that will be needed to make the decision to forge ahead.

**Task 3: What information will be required to make the decision to go ahead?**

## Next steps

Attend the AoC Shared Services Conference, Tuesday 12 March 2013, to learn from real experiences. Register your attendance at [www.aoccreateevents.co.uk/sharedservices2013](http://www.aoccreateevents.co.uk/sharedservices2013) or email [aoc-create@aoc.co.uk](mailto:aoc-create@aoc.co.uk) to register your interest.

Valuable reading includes:

- **The Guide to developing Shared Services in FE**
  - Step-by-step instructions to create a detailed Shared Service proposal
- **Shared Services Evaluation Report: the many faces of collaboration**
  - An engaging analysis of the 41 EIF projects by Shared Service area: finance, MIS, HR, etc. Also includes sections on collaborative vehicles and legal structures as well as VAT and lessons learned

- **Online briefings and legal updates**
  - Research into legal requirements, including VAT, TUPE and redundancies. Also see 'Inspiration No. 4: Difficult detail – The legals'
- **Shared Services written case studies**
  - Get into the detail behind 16 of the AoC's EIF projects – learn from the sector's successes and failures
- **Shared Services filmed case studies**
  - Essential viewing if you are to understand the human challenges of cross-organisational collaboration
- **Dissemination events**
  - Hear the Shared Services team and project leads talk about the challenges they've faced and the rewards they're reaping

All of the above resources can be found using the following link: [www.aoc.co.uk/shared-services/materials](http://www.aoc.co.uk/shared-services/materials)

**Task 4: Add a selection of potentially useful resources to your SS Ideas page for later reading/viewing.**

**Download the Shared Services Evaluation Report and navigate to page 64 for a full list of the 41 EIF projects.**

## Make your contribution

Shared services are an important and growing agenda for the FE sector. To learn more, register to read the AoC Shared Services Briefings to keep abreast of the very latest developments and good practice, join the Shared Services LinkedIn Group [www.linkedin.com/groups/AoC-Shared-Services](http://www.linkedin.com/groups/AoC-Shared-Services) to share experiences or email: [sharedservices@aoc.co.uk](mailto:sharedservices@aoc.co.uk)  
SS Ideas Page

## SS Ideas Page

<p><b>Catalyst</b> <i>What issue do you want to resolve or area do you wish to reinvent?</i></p>	
<p><b>Impact</b> <i>Define the 'gold standard' you'd like to achieve.</i></p>	
<p><b>Cost analysis</b> <i>Which cost headings are most appropriate for the project you are considering, including any additional to our list?</i></p> <p><i>Go on to complete a full cost/benefit spreadsheet.</i></p>	
<p><b>Benefit analysis</b> <i>Which cost headings are most appropriate for the project you are considering, including any additional to our list?</i></p> <p><i>Go on to complete a full cost/benefit spreadsheet.</i></p>	
<p><b>Shaping the feasibility study</b> <i>What information will be required to make the decision to go ahead?</i></p>	
<p><b>Next steps</b> <i>Make a note of the existing projects, written and filmed case studies, and any reports or analysis that might help you explore your ideas.</i></p>	
<p><b>Learn more</b></p>	<p>Read AoC Shared Services Briefings <a href="http://www.aoc.co.uk/en/briefings/index.cfm">www.aoc.co.uk/en/briefings/index.cfm</a>, click on the Briefings library to view all the Shared Services Briefings.</p>